

## Message Text

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PAGE 01 STATE 255656

53

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DRAFTED BY EUR/EE:THGERTH/RN

APPROVED BY EUR:JAARMITAGE

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R 150233Z OCT 76

FM SECSTATE WASHDC

TO AMEMBASSY BUDAPEST

C O N F I D E N T I A L STATE 255656

E.O. 11652: GDS

TAGS: PFOR, HU

SUBJECT: CALL ON DEPUTY ASSISTANT SECRETARY ARMITAGE BY  
AMBASSADOR ESZTERGALYOS

1. SUMMARY: AMBASSADOR ESZTERGALYOS AT HIS OWN REQUEST CALLED ON DEPASSTSEC ARMITAGE ON OCTOBER 12. ESZTERGALYOS REVIEWED NEW DEVELOPMENTS IN US-HUNGARIAN RELATIONS, WELCOMING INITIALLING OF THE EXCHANGE AGREEMENT AND THE ACCOMPLISHMENTS OF THE HUNGARIAN-US ECONOMIC COUNCIL. HE OUTLINED PLANS FOR FUTURE COOPERATION IN BUSINESS AND UNDER THE EXCHANGE AGREEMENT. ESZTERGALYOS ALSO EXPRESSED CONCERN OVER ACTIVITIES COMMEMORATING THE UPCOMING "OCTOBER ANNIVERSARY" AND SUPPORT BEING GIVEN THESE BY SOME MEMBERS OF CONGRESS. MR. ARMITAGE EMPHASIZED THE NEED TO BUILD ON THESE RECENT ACCOMPLISHMENTS AND NOTED THAT OUR POLICY OF SEEKING TO EXPAND RELATIONS ON THE BASIS OF MUTUAL BENEFIT WOULD CONTINUE. END SUMMARY.

2. AMBASSADOR ESZTERGALYOS WELCOMED THE OCTOBER 14 INITIALLING OF THE EXCHANGE AGREEMENT AND HOPED THAT THE  
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PAGE 02 STATE 255656

COMPLETE AGREEMENT COULD BE CONCLUDED FOR SIGNING DURING

SECRETARY RICHARDSON'S VISIT. MR. ARMITAGE NOTED THAT WE HOPE TO BEGIN SERIOUS DISCUSSION OF THE PROGRAM SOON. ESZTERGALYOS PRAISED THE PROGRESS IN THE TAX NEGOTIATIONS,

WHICH HE BELIEVES ARE PROCEEDING MORE QUICKLY THAN ANTICIPATED. IN RESPONSE TO MR. ARMITAGE'S QUERY, HE CHARACTERIZED THE ECONOMIC COUNCIL MEETING AS SUCCESSFUL AND INDICATED THAT BUSINESS DEALS CONCLUDED ARE APPROACHING MOLNAR'S PREDICTION (\$80 MILLION). ESZTERGALYOS BELIEVES IT IS NECESSARY TO FIND A WAY TO SUPPORT THE WORK OF THE COUNCIL BETWEEN ITS ANNUAL PLENARY SESSIONS. MR. ARMITAGE NOTED THAT KALLOS HAD ALSO HOPED FOR SOMETHING ON A CONTINUING BASIS AND THIS SHOULD BE EXPLORED. IT WOULD BE PARTICULARLY USEFUL, IN MR. ARMITAGE'S VIEW, FOR THE TWO CHAMBERS TO FOLLOW THE BASEBALL GLOVE PROJECT WHICH WILL BE AN IMPORTANT PILOT CASE. MR. ARMITAGE EXPRESSED PLEASURE AT THE GOH RESPONSE ON THE WORLD WAR I DEBT, SAYING EMBASSY BUDAPEST WOULD RESPOND SHORTLY.

3. LOOKING TO THE FUTURE ESZTERGALYOS STATED THAT NEXT YEAR HE HOPES ONE OR TWO SPECIALIZED BUSINESS DELEGATIONS WOULD VISIT THE US TO BROADEN THEIR KNOWLEDGE OF OUR MARKET. PREPARATIONS ARE BEING MADE FOR A SERIES OF HUNGARIAN ECONOMIC AND SCIENCE DAY SEMINARS IN THE SECOND HALF OF 1977. THESE SEMINARS WOULD BE HELD NOT ONLY IN NEW YORK AND CHICAGO, BUT IN OTHER AREAS, PERHAPS TEXAS. ESZTERGALYOS NOTED THAT THE TALKS BETWEEN BUTZ AND ROMANY HAD GONE WELL AND THAT SOON A DECISION WOULD BE MADE TO JOIN THE 4-H PROGRAM. NOW HE IS LOOKING AT FURTHER AREAS FOR COOPERATION; ENVIRONMENT SEEMED A GOOD FIELD. MR. ARMITAGE AGREED THIS SEEMED A PROMISING AREA.

4. AMBASSADOR ESZTERGALYOS SUMMED UP THE ROMANY VISIT AS GOOD, BUT TIRING. WHEN ROMANY'S VISIT WAS SHORTENED, THE PROGRAM BECAME TOO CROWDED. OTHERWISE THE SOLE PROBLEM WHICH DEVELOPED OCCURRED ON THE FINAL DAY IN CHICAGO. ROMANY HAD BEEN PROGRAMMED TO VISIT A MEAT PROCESSING FACTORY, BUT THE OWNER, MR. EPSTEIN, RENEGED BECAUSE IT WAS THE JEWISH NEW YEAR. HE LATER CHANGED HIS MIND, BUT THE DAMAGE HAD ALREADY BEEN DONE. MR. ARMITAGE EXPRESSED

CONFIDENTIAL

PAGE 03 STATE 255656

HIS REGRETS, NOTING THAT EPSTEIN HAD HAD SOME SUCCESS IN POLAND. ESZTERGALYOS STATED THAT THERE IS A DECISION IN PRINCIPLE TO BUY A MEAT PROCESSING PLANT AS A TURNKEY PROJECT, BUT EPSTEIN HAS COMPETITION - TECHNOLOGICALLY HE IS THIRD OF FOUR COMPETITORS. HE ADDED THAT BURGERT'S MISSION WAS EXCELLENT. ESZTERGALYOS NOW PLANS TO CALL ON AGRICULTURE ASSISTANT SECRETARY BELL TO REVIEW THE VARIOUS PENDING PROPOSALS - 4-H AND A COOPERATION AGREEMENT. HE

NOTED THAT DEPUTY PRIME MINISTER SZEKER HAD PRESENTED A LIST OF SOME 30 SUBJECTS FOR AGRICULTURAL COOPERATION AND ASKED USDA TO PICK TWO TO FOUR. THE GOH IS AWAITING AN ANSWER.

5. ESZTERGALYOS EXPRESSED CONCERN OVER THE COMING "OCTOBER ANNIVERSARY." HE HAD NOT DONE SO LAST YEAR, BUT FELT THAT CERTAIN PROMINENT OFFICIAL FIGURES ARE BECOMING INVOLVED IN ACTIVITIES RELATED TO THIS ANNIVERSARY, IN ADDITION TO THOSE WHO ARE USUALLY CLOSELY IDENTIFIED WITH THE ETHNICS. HE MENTIONED THAT SPEAKER ALBERT AND SENATOR DOLE ARE SERVING AS HONORARY CHAIRMAN OF THE COMMITTEE. (THIS IS THE WASHINGTON-BASED COMMITTEE TO COMMEMORATE THE AMERICAN AND HUNGARIAN REVOLUTIONS - 1776, 1956), AND THAT MRS. FORD WILL GIVE HER PATRONAGE TO AN EVENT IN OCTOBER (HONORARY CHAIRWOMAN OF THE BICENTENNIAL BALL OF THE HUNGARIAN-AMERICAN BICENTENNIAL COMMITTEE). HE ALSO NOTED THAT THE PRESIDENT HAD SENT GREETINGS THROUGH REP. FRANK HORTON ON THE DEDICATION IN NEW BRUNSWICK, N.J. OF A STATUS TO CARDINAL MINDSZENTY. ESZTERGALYOS IS WORRIED THAT PEOPLE AT HOME MIGHT REACT AGAINST THIS, IGNORING THE POSITIVE ACHIEVEMENTS THAT HAVE BEEN MADE IN US-HUNGARIAN RELATIONS. HE ALSO NOTED THE PROMINENCE OF EASTERN EUROPE IN THE CARTER-FORD CAMPAIGN AND THE FACT THAT THE LAST DEBATE WILL TAKE PLACE THE DAY BEFORE OCTOBER 23. THIS COINCIDENCE MIGHT NOT BE LOST ON CANDIDATE CARTER.

6. MR. ARMITAGE REPLIED THAT VOTERS' CONCERNS ARE BOUND TO COMMAND ATTENTION AT THIS JUNCTURE, BUT THAT THIS GOVERNMENT WILL CONTINUE TO SEEK TO EXPAND RELATIONS WITH HUNGARY ON THE BASIS OF MUTUAL BENEFIT. AMBASSADOR ESZTERGALYOS REPLIED THAT THIS WAS HIS READING ALSO AND THAT HE HAD SO INFORMED HIS SUPERIORS DURING HIS CONSULTATION IN BUDAPEST  
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PAGE 04 STATE 255656

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